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*Brief*

*Two Hours Ago  
Each together how see it*

13 November 1985 AC P.M.

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

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FROM: SA/DCI

SUBJECT: Meeting with Robert McFarlane, 14 November 1985

1. You are scheduled to meet with Robert McFarlane at 1700 on 14 November 1985, at NSC.

2. The NSC proposed nothing for the Agenda for this meeting.

3. Following are items you may wish to raise:

TAB A SSCI Reporting Procedures. [redacted] noted that the proposed covert activities reporting procedures for the SSCI are still awaiting review in Ken de Graffenreid's office. You may wish to raise this with Mr. McFarlane. At this TAB I have included a copy of the letter dated 7 November from Sens. Durenberger and Leahy with the proposed procedures.

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TAB D NSC Challenge to the Economic Policy Council. At this TAB you will find a memorandum to you from [redacted] dated 8 November re articles in the N.Y. Times and Wall Street Journal reporting on Mr. McFarlane's proposal to establish an NSC committee to assess the strategic implication of economic policy decisions. Also at this TAB are copies of the N.Y. Times article and the Wall Street Journal item, the EPC Agenda through 26 November, and a copy of the 2 November memorandum from Bud McFarlane to you on this subject should you wish to discuss the issue further.

TAB E Special Meeting of the ASEAN Economic Ministers. At this TAB you will find a copy of a letter addressed to you from the Chairman of the ASEAN Washington Community, plus a joint statement of the special meeting of the ASEAN Economic Ministers held in Bangkok on 16 October. As the letter indicates the special meeting addressed the issue of protectionism with particular attention to the Jenkins Bill. You may wish to discuss this with Mr. McFarlane.

TAB F NIE on Domestic Stresses on the Soviet System. At this TAB you will find talking points on this NIE from NIO/USSR as well as the key judgments from this NIE should you wish to discuss this with Mr. McFarlane.

TAB G Summit. At this TAB you will find the item from NIO/USSR re the Summit from this week's NIO meeting book. Also at this TAB is a memo from Fritz Ermarth on Gorbachev's tactics at the Summit. + new Soviet leadership

✓ TAB H Taiwan. At this TAB you will find an article by NIO/EA from this week's NIO meeting book re potential problems in the succession to Chiang Ching-Kuo.

TAB I Africa. This TAB contains the items from this week's NIO meeting book re current hot spots in Africa from Fred Wattering. It also contains a brief memo from Fred re potential threat to the U.S. Embassy in Khartoum, and a Reuter's dispatch entitled, "Angola Rebel Leader Appeals for U.S. Aid to Repel Soviets."

✓ TAB J Philippines: Gen. Ver. This TAB contains a memorandum from Carl Ford of 12 November reviewing the continued behind the scenes power over the Philippine military by Gen. Ver.

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PATRICK LEAHY, VERMONT, VICE CHAIRMAN

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## United States Senate

SELECT COMMITTEE ON INTELLIGENCE  
WASHINGTON, DC 20510

IN REPLY PLEASE  
REFER TO #85-3787

ROBERT DOLE, KANSAS, EX OFFICIO  
ROBERT C. BYRD, WEST VIRGINIA, EX OFFICIO

November 7, 1985

The Honorable William J. Casey  
Director of Central Intelligence  
Central Intelligence Agency  
Washington, D.C. 20505


Dear Bill:

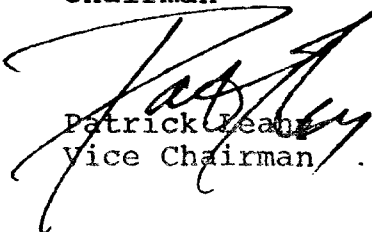
As you know, our Committee Counsels and members of your staff have been working together in the joint DCI-SSCI review of Covert Action Reporting Procedures called for under paragraph 10 of the agreement which was executed by you and the former Chairman and Vice Chairman on June 6, 1984.

This review has resulted in the production of the enclosed document, which has formally been approved by the Committee and which we have signed. We are now transmitting it for your signature.

Bill, we believe that this document will serve a useful purpose in further illuminating the Procedures, and that it represents a positive step in the evolution of the relationship between the Select Committee on Intelligence and the Executive Branch.

Sincerely,

  
Dave Durenberger  
Chairman

  
Patrick Leahy  
Vice Chairman

Enclosure

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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 05596-85  
8 November 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM:   
Acting National Intelligence Officer for Economics

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SUBJECT: Press Reports on NSC "Challenge" to the Economic  
Policy Council

1. The New York Times and Wall Street Journal today ran stories about McFarlane's proposal to establish a committee composed of the Defense Department, CIA, State, and NSC to assess the strategic implications of economic policy decisions. The New York Times, referring to the committee incorrectly as a Cabinet-level group, says that the committee could "operate as a power rival to the EPC." The Wall Street Journal notes correctly that State Department has demurred from joining the group. You will recall that you received a memorandum from McFarlane on this issue asking for a CIA representative. I sent you a draft response supporting McFarlane's recommendation and suggesting that CIA be represented on the group by the NIO for Economics.

2. I met with McFarlane's Senior Director for International Economic Affairs, Stephen Danzansky, this morning to discuss his plans for this new group. Danzansky explained that he hoped the group would meet weekly to discuss EPC agenda items for the following week. The group would also prepare a "National Security Impact Statement" on EPC decisions which would accompany Council proposals to the President.

3. Secretary Baker obviously opposes the formation of this group, and his people likely briefed the New York Times on McFarlane's memo. Should Baker appeal the creation of this group to the President, presenting it (correctly) as an unnecessary bureaucratic layer, it would give us a chance to point up the shortcomings of the EPC process, including:

- the apparently deliberate failure of the EPC to get position papers to NSC, DOD, and CIA on a timely basis; and

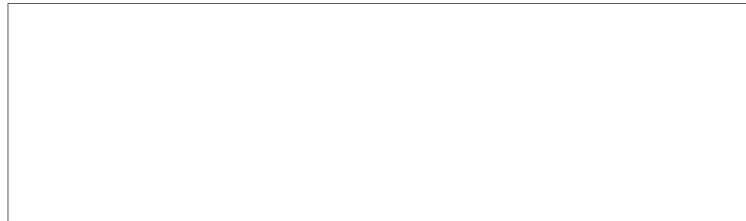
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SUBJECT: Press Reports on NSC "Challenge to the EPC

- the exclusion from the EPC agenda of many important international issues such as Soviet trade and finance, LDC debt, etc., in favor of minor trade issues such as Canadian lumber that are best handled at the sub-cabinet level.



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Attachments:

- A. New York Times Article, 8 November 1985
- B. Wall Street Journal Item, 8 November 1985
- C. EPC Agenda Listing
- D. Memo from McFarlane, dated 2 November 1985

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THE NEW YORK TIMES  
Friday, November 8, 1985

# A Trade Strategy Panel Is Proposed

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, Nov. 7 — A proposal to establish a Cabinet-level committee to assess the strategic implications of trade policy — such as the impact on the American-Japanese defense alliance of possible American curbs on semiconductor imports — has been made by President Reagan's national security adviser, Robert C. McFarlane.

The proposal, contained in a recent memo to Secretary of State George P. Shultz, is expected to meet significant opposition. Those in the Government who favor free trade, most of whom are in the Commerce Department and the Office of the Trade Representative, fear that such a panel would try to subordinate trade issues to national-security and foreign-policy considerations.

However, with the proposal not yet on President Reagan's desk, opponents were unwilling to comment on the record.

The new committee would be composed of the Defense Department, the Central Intelligence Agency, the National Security Council and the State Department. The panel could operate as a rival power to the Economic Policy Council, on which sit the trade agencies. What its relationship would be to the policy council is unclear. Those in the latter body see the new panel as creating a high-level, collective voice for views that until now had been expressed by individual agencies or Cabinet officers, such as Defense Secretary Caspar W. Weinberger.

Asked about the memo, Karna Small, Mr. McFarlane's spokesman, said, "I've been instructed not to comment on this."

Although it was unclear what would bring the new committee into being, most analysts thought a Presidential decision would be required.

Trade policy is now managed by the Economic Policy Council under the chairmanship of Treasury Secre-

tary James A. Baker Jr. Others on the committee are the Commerce, Labor, Agriculture, and State Departments, the Office of the Trade Representative and the Office of Management and Budget.

Mr. Weinberger, Mr. McFarlane and the Director of Central Intelligence, William J. Casey, are invited to participate in the policy council, as needed, officials said.

Before a reorganization last April that created the policy council, however, they were part of the regular trade policy-making process as members of the Cabinet body that preceded the policy council.

That was the Senior Interagency Group on International Economic Policy, which was under the chairmanship of the Treasury Secretary. The paperwork for it was prepared by the National Security Council.

"This is a turf battle," said a Congressional source familiar with the memo. "The security agencies are still angry at being frozen out of the Economic Policy Council."

THE WALL STREET JOURNAL

Friday, November 8, 1985

**McFARLANE MOVES** to increase his influence over trade policy. The National Security Council chief proposes a new inter-agency trade committee, including the NSC, to present a foreign-policy view on specific trade issues. But the State Department demurs, saying a change isn't needed.

THE WHITE HOUSE  
WASHINGTON

November 7, 1985

MEMORANDUM FOR ALFRED H. KINGON  
RICHARD G. DARMAN  
JOSEPH R. WRIGHT  
STEPHEN I. DANZANSKY

FROM: EUGENE J. McALLISTER *EM*

SUBJECT: EPC Agenda

The following is the proposed EPC agenda for the next few weeks:

Week of November 4-8

Action Forcing Event

Thursday, November 7

-- Economic Review

Week of November 11-15

Wednesday, November 13

-- antitrust (Joint EPC/DPC)

1986 legislative initiative  
State of the Union Address

Thursday, November 14

-- open

Week of November 18-22

Wednesday, November 20

-- antitrust

Thursday, November 21

-- new trade round objectives

GATT contracting parties  
meet on in late November.

-- Canadian lumber

Congressional interest,  
Canadian trade arrangement

Week of November 25

Tuesday, November 26

-- open

- 2 -

**Other Short-Term (Next 2-4 weeks) Potential Agenda Items**

- o **December 1 Section 301 Deadlines**
  - **EC Canned Fruit**
  - **Japan Leather and Leatherfootwear**

- o **Surcharge on Recording Tape**

There are several proposals in Congress to place a surcharge on recording tape with proceeds going to recording industry.

- o **Return of the Strike Force**
- o **Airport Landing Rights**

OMB and DOT are engaged in negotiations intended to fairly and efficiently allocate airport landing rights. OMB and CEA favor a market auction, similar to Federal oil leases. DOT tentatively has supported a buy-sell option permitting airlines to transfer existing slots among themselves.

## THE WHITE HOUSE

WASHINGTON

Executive Registry

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November 2, 1985

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY  
The Director of Central Intelligence

SUBJECT: National Security Assessment of Economic  
Policy Decisions: New Procedure (S)

With the recent highly visible activity in the trade and monetary areas, the President is more frequently called upon to make decisions relating to economic policy than in the past. Most of these decisions have major international and national security implications. (S)

Because of this, I have become increasingly concerned in the last few months that in the internal handling of international economic issues there is no mechanism to ensure that final recommendations that are sent forward to the President have been considered from an overall national security perspective. Often it is the case that it is not until a final recommendation is made that the national security implications can be fully assessed. In addition, I do not believe that CIA and Defense are adequately consulted on many economic policy matters. The President must be given the opportunity to weigh all the international political and military implications of each proposal on the best information available. (S)

I have decided, as a result, that it is necessary to put into place a more formal procedure for providing the President with fully considered national security advice on all international economic issues. What I propose is a requirement that all recommendations to the President on international economic matters, from the EPC or other sources, must be subject to a last stop national security review process overseen by the security agencies: NSC, CIA, State and Defense. (S)

This review process would be memorialized in a document called a National Security Impact Statement (NSIS) which would reflect the judgment of the above-mentioned agencies on the relationship of the proposed decision to the President's overall foreign policy objectives. This document would be prepared by representatives from the security agencies who would assess the national security implications of proposed actions. There is no intention in this proposal to create another bureaucratic layer. The purpose is to facilitate the decisionmaking process through a close

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coordination of our agencies to best serve the President in making economic decisions that could affect the national security.. (S).

I have asked Stephen Danzansky to coordinate the new process on my behalf. Steve already has spoken to Willie Taft of Defense about establishing better coordination on economic policy matters, and with Dean Hoffman at the Agency. As part of the NSIS process, I foresee that it will be necessary regularly to communicate with a small group from the security agencies whose sole purpose is to provide the assessments which would form the basis of the Impact Statement. In order to make the process as efficient as possible, I would like only one representative from each agency. I would request that you ask Dean Hoffman, or some other person, to regularly participate in meetings of this group as the CIA's representative. (S)



Robert C. McFarlane  
Assistant to the President  
for National Security Affairs

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Telex : 904081 DC BRU WSH  
Tel : (202) 342-0159



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KEDUTAAN NEGARA BRUNEI DARUSSALAM  
EMBASSY OF BRUNEI DARUSSALAM  
WATERGATE  
SUITE 301-10, 3RD. FLOOR  
2600 VIRGINIA AVENUE, N.W.  
WASHINGTON D.C. 20037

Your Reference :

Our Reference :

(40) KBW 13/3/1

Date : October 28, 1985

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85-4433

The Honorable  
William J. Casey  
Director, Central Intelligence  
17th & Pennsylvania Avenue, N.W.  
Old Executive Office Bldg.  
Washington, D.C. 20506

Dear Mr. Casey,

Enclosed herewith is a copy of the Joint Statement of the Special Meeting of the ASEAN Economic Ministers held in Bangkok on October 16, 1985. The meeting considered the issue of protectionism with special attention to the Jenkins Bill.

We believe that your good office will take into consideration the joint statements expressed by our ASEAN Economic Ministers.

Respectfully,

PENGIRAN HAJI IDRIS  
Chairman  
ASEAN WASHINGTON COMMITTEE

Enclosure

cc: Mr. Pacifico Castro  
Chairman, ASEAN Standing Committee  
Manila, Philippines

JOINT STATEMENT OF THE SPECIAL MEETING  
OF THE ASEAN ECONOMIC MINISTERS

THE ASEAN ECONOMIC MINISTERS HELD A SPECIAL MEETING IN BANGKOK ON 16 OCTOBER 1985 AND CONSIDERED THE ISSUE OF RISING PROTECTIONISM IN INTERNATIONAL TRADE ESPECIALLY IN THE US, WITH PARTICULAR REFERENCE TO THE JENKINS-THURMOND BILL.

THE MINISTERS NOTED THAT ASEAN MEMBER COUNTRIES, COLLECTIVELY AND INDIVIDUALLY, HAVE BEEN MAKING THEIR UTMOST EFFORTS IN URGING THE US ADMINISTRATION, CONGRESS AND INTERESTED PARTIES CONCERNED TO APPRECIATE THE EXTENT OF THE REPERCUSSIONS OF THE BILL, IF PASSED, ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF ASEAN COUNTRIES AND ON THE OVERALL CLOSE AND FRIENDLY RELATIONS BETWEEN ASEAN AND THE US.

THE MINISTERS REITERATED ASEAN'S STRONG OPPOSITION TO THE BILL WHICH IS DISCRIMINATORY AND CONTRARY TO EXISTING INTERNATIONAL LAW AND US BILATERAL AGREEMENTS. AT THE SAME TIME, THE MINISTERS WELCOMED WITH GREAT APPRECIATION THE EXPLICIT AND FIRM STAND OF THE US ADMINISTRATION IN OPPOSING THE BILL. THE MINISTERS WERE ALSO ENCOURAGED BY THE RISING RECOGNITION WITHIN AND THE UNDERSTANDING OF MEMBERS OF THE CONGRESS OF THE NEGATIVE CONSEQUENCES OF THE BILL. THE MINISTERS, HOWEVER, RECOGNISE THAT THE DANGER IS FAR FROM OVER. THEY, THEREFORE, FURTHER URGE THE US ADMINISTRATION

AND MEMBERS OF THE CONGRESS TO CONTINUE EFFORTS TOWARD THE EVENTUAL REJECTION OF THE BILL WHICH POSES A GRAVE DANGER NOT ONLY TO ASEAN BUT ALSO TO THE FREE INTERNATIONAL TRADING FRAMEWORK FROM WHICH ALL COUNTRIES JOINTLY BENEFIT.

THE MINISTERS FURTHER POINTED OUT THAT THE BILL, IN ADVERSELY AFFECTING THE ASEAN ECONOMIES' ABILITY TO EXPORT, WILL PROVIDE THEM WITH NO ALTERNATIVE BUT TO CURTAIL TRADE IN ORDER TO MAINTAIN EXTERNAL BALANCE. MOREOVER, ASEAN'S EXPORT-LED ECONOMIES WILL BE CONSIDERABLY DAMAGED AND DESTABILIZED. ACCORDINGLY, EACH ASEAN COUNTRY WILL HAVE TO CONSIDER ADOPTING MEASURES TO COUNTER THE DAMAGING EFFECT OF THE BILL.

THE ASEAN ECONOMIC MINISTERS FINALLY POINTED OUT THAT BEYOND THE ECONOMIC IMPACT WHICH IS REAL AND IMMEDIATE, THE JENKINS-THURMOND AND OTHER PROTECTIONIST BILLS HAVE ALREADY AND INEVITABLY CREATED WITHIN ASEAN A SENSE OF UNCERTAINTY AND DISAPPOINTMENT WITH THE UNITED STATES. THE CONSTRUCTIVE EFFORTS AND PROGRESS MADE TO NURTURE AND CONSOLIDATE US-ASEAN RELATIONS WILL UNDOUBTEDLY SUFFER A SETBACK WITH THE PASSAGE OF THE JENKINS-THURMOND BILL.

BANGKOK, 17 OCTOBER 1985

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## Talking Points for the DCI

The New Soviet Leadership: Gorbachev's Men?

With the replacement of Premier Tikhonov last month, Gorbachev has completed the process of placing new leaders in charge of the key institutions running the Soviet Union--the Politburo, Secretariat, and Council of Ministers:

- o The new generation of leaders appears to share a common commitment to purging Brezhnev-era holdovers and revitalizing the Soviet system.
- o They are not radical reformers, but most have a reputation as pragmatic administrators, willing to innovate without being bound by ideological dogma or past tradition.
- o They have a better understanding of the shortcomings of the system based on recent, hands-on experience with its problems and frustrations.
- o They are not creatures of the organizations they are now running and are thus more likely to challenge the status quo. [REDACTED]

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For the present, these men are beholden to Gorbachev, but it is not clear how broad the consensus is among them:

- o They are not a cohesive group like the Dnepropetrovsk mafia that dominated under Brezhnev. Most do not have long-standing personal ties to Gorbachev.
- o It is unclear if their support for broad personnel changes can be transferred to policy matters--particularly on politically difficult issues such as economic reform. [REDACTED]

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Down the road, members of the regime may be prepared to push their own policy agendas. Two of his key allies have achieved positions of considerable independence that will give them a base to do so:

- o Yegor Ligachev has established himself as second secretary of the party with very broad responsibilities. With Ryzhkov's move to the premiership, he is the only secretary with full membership in the Politburo and appears to be acquiring a broad role similar to that of Gorbachev under Chernenko.

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- o Premier Ryzhkov is presiding over a Council of Ministers with rejuvenated institutional authority. With no senior economic secretary named to replace him in the party apparatus, he will have an unusually free hand to run the economy. [REDACTED]

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The Politburo under Gorbachev seems more likely than in the past to take a less conservative approach to decisionmaking, making tough decisions that go against the interests of some members. [REDACTED]

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- o It will be more likely to consider a wide range of options before making decisions. [REDACTED]
- o It remains to be seen if the new Politburo will be able to work in sufficient harmony to carry out tough decisions, but we are likely to see greater political conflict and more frequent changes in membership than was the norm under Brezhnev. [REDACTED]

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NIO/USSR  
12 November 1985

## NIC OUTLOOK MEETING WITH DCI      NIO/USSR

1. Once Again on Gorbachev's Game Plan: The Summit Outlook

By now we've said what we can, but it's worth recapping.

Gorbachev wants a breathing space for the USSR in the form of some relief from the more intensely competitive behavior of the United States seen in the last five years, specifically:

from our rising defense spending;

from our more vigorous weapons development, especially SDI and new conventional weapons;

from greater US engagement in regional issues;

and from our more challenging political stance toward his system and its behavior.

He wants this breathing space for two reasons:

First, and most important, he wants to devote more economic resources and leadership attention, at the margin, to fixing the deep problems of a very unhealthy economy and society. Doing so will be the measure of his time in power.

Second, a breathing space like the one-sided detente of the 1970s would also allow the USSR to expand its influence at low cost and risk in the Third World and among US allies.

Gorbachev is as yet not ready to pay anything substantial in the form of concessions to the US on vital security issues -- arms control or regional conflicts -- or human rights. He wants a breather on the cheap, and believes he can get it.

While sweeping, his arms control position is one-sided, demands great concessions from the US on SDI, and would take years to negotiate in any case. Making his proposal involved no real concession so far.

So far, Gorbachev has signalled no real flexibility on the regional issues. He appears determined to back his Leninist clients in the Third World and to hang tough on Afghanistan. With the exception of Afghanistan, the USSR's Third World adventures are not that costly or risky now. Their real cost is the possibility that they will continue to inspire strong competitive behavior from the US on all fronts. But this is not certain. [See Item #3 below]

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Gorbachev will clearly do what he can to exploit and deepen fissures in US alliance relationships by a more activist foreign policy. He sees a detente environment as offering a favorable setting, but will try to do this no matter what the atmosphere.

He shows no sign of readiness to move toward liberalizing the human rights situation inside the USSR, except for some cosmetic gestures; and is pressing for more discipline out of East Europe.

At this point, Gorbachev is not counting on specific concessions from the US that give him his breathing space. At the summit, what he is after is an atmospheric result and a continuing political process that encourage a relaxation of pressures from the US through other forces over the rest of the President's term. He wants to convince publics, Congress, allies, and the President himself (if he can), that Moscow is willing to be reasonable, but cannot be pushed. Coming out of Geneva, he wants all these parties to believe that Washington bears the main burden to make concessions and accommodations for the sake of better US-Soviet relations. If he can create this perception, over time the burden will wear down the Reagan administration and deliver a more accommodating president in the next election.

As he watches the fate of defense budgets and other security issues in the US Congress, he sees how this can happen in the last years of the Reagan presidency.

At the summit, Gorbachev will not be open to persuasion that his views and policies are wrong.

Both his personality as a counterpuncher and his system run against his letting himself be persuaded.

On the contrary he will be out to take the measure of the President and to persuade him that his anti-Soviet policies are wrong and can easily be altered because Moscow will be forthcoming if the US makes concessions.

Gorbachev is, indeed, likely to use the argument that Soviet domestic problems "prove" the Soviets will be reasonable -- if only the US signs up to peaceful coexistence on Soviet terms. He did this in Time.

There is not much the President can do to change Gorbachev's position at the summit. His most important and achievable task is to inject doubt in the minds of Gorbachev and his team that they can get a cheap breathing space without serious concessions, solely by playing on atmosphere, the Congress, etc.

This places a premium on the following:

At the summit, the President conveys confidence in the rightness of his policy course, in its congruence with US national interests and

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the cause of peace, and in his ability to stay the course and make it a lasting part of American politics.

After the summit, the President demonstrates his ability to keep his national security agenda on course in the Congress.

2. "Domestic Stresses on the Soviet System" and Implications

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there are still likely to be important arguments among NFIB agencies as to whether and just how much Soviet domestic, mainly economic, troubles oblige Gorbachev to hold to a flat or even go to a reduced level of defense spending. Nevertheless, as of now, there is agreement that:

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Soviet internal troubles are deep and serious, both as regards the economy and the surrounding political and social environment.

Gorbachev's likely conservative strategy for addressing them will probably not make the Soviet system a great deal healthier in the next five years. Even if he takes more reformist steps than we think likely, it will still take longer to make serious improvements. Moreover, many domestic initiatives (e.g., cadre replacement and management reform) will produce more social tension before they produce better system performance.

All in all, the domestic scene is a heavier drag on the USSR's effectiveness as a superpower than ever.

Nevertheless the USSR can still field a lot of new military power at reduced levels of defense spending, because it is operating from such a high base of production and active forces, and can still pursue its policies in the Third World, unless we make them more costly and risky.

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Thus, Gorbachev has a middle option between intensifying Soviet competitive effort and making concessions (which the NIE now mentions) of reducing defense spending somewhat and only for a finite period of four or five years, while stiff-arming the US on security issues and trying to work our allies. His ability to get away with this depends on a US Congress which fails to support the Administration on defense and regional security.

[A footnote:

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the KGB does not report to the leadership on broad domestic conditions (which helps explain why they have been slow to get the picture), that religious adherence, while no real political threat, is growing in the USSR (our view as well), that Russian nationalism is on the rise (ditto), and that the KGB likes detente because of the "operational opportunities" as well as the economic help it brings the USSR (no surprise here).

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NIO/USSR  
13 November 1985Gorbachev Posture at the Summit

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[REDACTED]

[REDACTED] the Soviets want to portray the President and Mrs. Reagan as pompous and lavish, and also show off Gorbachev as more vigorous.

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Gorbachev likely presented himself in these ways at the recent Warsaw Pact meeting in Sofia. At the Summit he probably will strive to make an impression somewhat in between that in Paris and Sofia--being more respectful with the President than he was with his Warsaw Pact counterparts, but less cordial than he was with Mitterand.

The image of Gorbachev as a hard working, modest servant of the people bears similarity to the Khrushchev model without the latter's impetuosity and idiosyncrasy. Brezhnev's sumptuous appreciation of life left no room for this kind of tactic during his Summits.

The Khrushchev model which worked well for the Soviets at Summits in that era, probably would resonate favorably again in the USSR, among Soviet allies, and in the Third World. The dimension of worker-peasant man of the people might not work so well as a television image directed at middle class Western publics in the 1980s; but the image of a serious-minded manager striving to solve important problems is well calculated to strike a favorable chord in the West.

Gorbachev also might extend his stay in Geneva an extra day in order to give a final press conference following the President's departure. The Swiss are said to have given their approval to this option.

In pursuing this tactic, which could well follow Gorbachev's not gaining the kinds of agreements that he wants, the Soviets would hope to gain unique attention and focus post-Summit discussion and images their way.

We should be prepared to term this tactic the grandstand propaganda play that it probably would be, contrary to the seriousness of purpose that we believe Geneva represents.

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NIO/EA

12 November 1985

Taiwan -- All the King's Horses and All the King's Men?

1. Only a few years ago the prospects for a smooth transition of power on the mainland of China from Deng Xiaoping to his successor looked uncertain while Taiwan awaited Chiang Ching-Kuo's passing with confidence and optimism. Now the tables have turned. China's September party conference placed Deng's reformers more firmly in control and reduced the chances of old guard military officers playing king maker at his death. Meanwhile, the untimely stroke of Taiwan's Premier Sun and KMT party Chief Y. S. Chiang's indirect involvement in financial shenanigans on the island have thrown the succession to CCK into turmoil and doubt.

2. In retrospect, Premier Sun, as heir apparent, was a crucial element in CCK's succession plans. He had the confidence of the old guard mainlander conservatives and the vision to depend on a younger generation of mainlander technocrats and upstart native Taiwanese to guide Taiwan into the 21st Century. CCK forged just such a coalition when he assumed power from his father, the legendary Chiang Kai-shek, in 1975. The decade of political and economic progress that ensued spoke well of the idea and with CCK's blessing Premier Sun appeared poised to carry on in the same fashion long after CCK had passed from the scene.

3. So, too, was the KMT in good hands headed by the bright and articulate Y. S. Chiang. The President's trouble shooter of many years presided over the modernization and Taiwanization of what had become almost a moribund and irrelevant artifice. He breathed new life into the ruling party by promoting able, young, western educated mainlanders and transfusing the rank and file until about 70 percent of the membership became native Taiwanese. What had begun many years before as a Leninist mechanism of control on the mainland became a modern political party stressing competence and constituent services on Taiwan. He was so successful that it literally took the wind out of the sails of the once vigorous Taiwanese opposition. KMT victories in local elections with mostly native Taiwanese politicians left the opposition Tangwai little to criticize and more of an irritant than a real electoral threat.

4. Premier Sun's incapacitation and Y. S. Chiang's fall from grace changed all that. An older and seemingly tired out CCK reacted to the new situation by surrounding himself with conservative hardliners suspicious of change and the native Taiwanese majority. Old friendships rather than talent apparently counted for more in his choices. The new Premier, Yu Kuo-hua, for example, [REDACTED] cannot be counted on to lead Taiwan out of its economic decline despite his friendship with the President and reputed financial and economic expertise. Others around the President appear no better. They [REDACTED] apparently fear to give the "old man" bad news. At the same time, they monopolize access to

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CCK and keep the young reformers at arm's length.

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these men appear bent on leaving Taiwan unprepared for CCK's passing.

5. What had once seemed assured for Taiwan--a smooth transition and continued political and economic progress--is now clouded and uncertain. No new leader of the stature and capability of Premier Sun has emerged and the group influencing events now is more of a hinderance than help to CCK. None of them seem capable of stepping into his shoes and carrying on.

6. CCK set in motion the beginnings of a major social change on the island by reversing the polarization of mainlanders and native Taiwanese that had been a fact of life even before his father retreated to the island in 1949. While not yet complete, the gradual process of evolutionary change bringing mainlander and Taiwanese closer together portends profound consequences by the end of the century.

7. Unfortunately, those advising CCK today are not only out of step with this new reality, but are representative of the very group who in the past most vehemently opposed change. Many of them have counselled repression over reform fearful that they and their kind would have no place in the new Taiwan envisioned by CCK. Moreover, CCK had the advantage of rapid economic progress that allowed for a slow and patient strategy of reform. His successors will not have that luxury. The economic downturn that promises to linger on for sometime is likely to increase the demands for quickening the pace of political reforms. A resort to repressive measures would only make matters worse and heighten the appeal of the more radical opposition.

8. The military's role in politics also appears on the rise. General Hau Pei-tsun, the Chief of Staff, and General Wang Ching-hsu, Director of NSB, appear positioned to play a larger role in the succession than previously expected. Fortunately, both are able men and more enlightened than their civilian counterparts currently ensconced close to the President. In the event of a near term succession crisis, both would have a large say in the outcome. Some even speculate that General Hau might wish to become part of the civilian administration after CCK's death. In any event, both men could prove decisive in choosing the shape and focus of a new government. Although personally very capable, their power comes from a group--the military and security services--most desirous of stability and fearful of change. Each may find it difficult to keep Taiwan moving on the course charted by CCK, Premier Sun and Y. S. Chiang.

9. CCK, to his credit, apparently recognizes that all is not well. Economic disarray and the prospects for opposition gains in the November elections have spurred reports that the President plans to reshuffle his Cabinet and bring in new advisors. His choices and the overall complexion of the government and party apparatus that he puts his confidence in at this crucial stage will go a long way in determining whether his successors will be able to put Humpty Dumpty back together again. Will he continue to rely on old trusted civilian lieutenants looking to the past for guidance, or will he turn to a more forward looking group of younger reformers? At this point, unfortunately, it is anybody's guess.

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NIO/AF  
13 November 1985

## DCI/NIO REGIONAL CONFERENCE

SUDAN: Over the last weekend, Sudanese Defense Minister Osman Abdullah stated that Soviet military experts were en route to Sudan to recondition Soviet-supplied aircraft in the Sudanese air force inventory. Abdullah also noted that Sudan had asked the US to remove its military equipment in Port Sudan (the US has prepositioned \$100 million in military equipment for CENTCOM contingency in Port Sudan). (In fact, the Sudanese Government has as yet made no such request.) Given the manifest desire of both military and civilian leaders to obtain more military hardware from all sources--and US unwillingness to provide arms usable against southern insurgents--it is likely that such a request will be made of the US to enhance Sudanese prospects of receiving Soviet and Libyan arms. Such a move would also reflect civilian and military desires to be more "nonaligned."

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ANGOLA/SOUTH AFRICA:

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We speculate that any new incursion may well have the real purpose of both helping Savimbi and sending a message to the MPLA and Soviets regarding extension of the air defense line southward, if not eastward.

LIBERIA: The situation in Liberia remains unsettled as some troops loyal to Head of State Samuel Doe have apparently decided to battle the supporters of the coup launched by former commanding General Quiwonkpa. the situation in Liberia will likely remain very dangerous over the next few days as Doe and Quiwonkpa vie for the support of Liberia's military. Given the widespread unhappiness with Doe, we believe Quiwonkpa stands a good chance of emerging the victor. Regardless of who wins, however, the United States will come under increased pressure from the Liberian

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Government for increased economic and military assistance. Liberia's latest descent into chaos will also open new doors for Soviet and Libyan meddling. A Quiwonkpa takeover would likely see the re-emergence in Liberia of a political left despite Quiwonkpa's personal pro-US and conservative views. Numerous leftists who fled from Doe's regime would be likely to return and benefit from their opposition to Doe.

LIBYA-CHAD: Libyan leader Qadhafi has again focused his attention on Chad, and the recent heightened Libyan military activity in northern Chad suggests that Qadhafi is again prepared to initiate attacks against Chadian territory south of the 16th parallel. During the next few weeks, we will probably see Chadian rebel probes against government garrisons near the 16th parallel, and Qadhafi may well commit some Libyan military assets in support of the rebels. The Libyans could provide some air cover for rebel operations, as well as send Libyan armor or artillery units to back the rebel efforts. The French are unlikely to stand up to these initial Libyan challenges, thus encouraging Qadhafi to prepare for a large-scale Libyan thrust into southern Chad.

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# ANGOLAN REBEL LEADER APPEALS FOR U.S. AID TO REPEL SOVIETS

By Wendy Schwegmann

STAT

JAMBA, Angola, Nov 12, Reuter - Angolan rebel leader Jonas Savimbi, appealing for American help at what he called a crucial hour, has warned that delay could mean the loss of southern Africa to Soviet expansionism.

Savimbi, leader of the Union for the Total Independence of Angola, addressed his troops yesterday at this remote bush headquarters in southern Angola to mark the 10th anniversary of Angolan independence from Portugal.

At this crucial hour, the Angolan... resistance... earnestly entreat Western governments, especially the government of the United States, not to disappoint once again the Angolan people... by materializing its solidarity with those who for 10 years have fought alone," he said.

Savimbi, whose estimated 30,000 guerrillas have been fighting the Marxist government in Luanda since independence, last month turned back a major offensive by Soviet-assisted troops of the MPLA government.

Savimbi said the MPLA lost 2,700 troops with 3,000 wounded in the offensive plus 12 Soviet advisers and 26 Cubans killed. He put UNITA losses at 461 dead and 2,111 wounded.

Journalists covering the rally yesterday, at which Savimbi paraded what he estimated at more than 200 prisoners of war, flew back today to Pretoria from Jamba, which has no known communications links with the outside world.

The U.S. Congress voted earlier this year to lift a nine-year-old ban on aid to anti-communist groups such as UNITA, but none has yet materialized and Secretary of State George Schults has opposed aid for the organization.

Savimbi declared: "At this hour all the hesitation of Western governments and mainly of the government of the United States of America led by President Ronald Reagan, could represent in the long range the handing over of all southern Africa to the Soviet empire."

Dressed in an immaculate general's uniform, Savimbi told his troops: "The increasing number of sophisticated armaments that the Soviet Union has transferred to Angola... has turned our country into an operational Soviet military base threatening the already fragile stability of Central and Southern Africa."

STAT

Reporters who had previously visited Jamba, a sprawling complex of thatched dwellings and public buildings serving some 10,000 people, said UNITA's resources appeared strained.

UNITA warned at the height of the latest offensive that Jamba might fall.

The parade of soldiers was considerably smaller than on previous occasions and vital units such as the medical corp were missing.

Savimbi, a wizard of public relations as well as a master of guerrilla warfare, normally served chilled beer and South

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12:50 wines to his press guests, but this was absent and food appeared scarce, the reporters said.

Savimbi said the MPLA government had mortgaged Angola's sovereignty to military assistance from Moscow. 'The number of foreign troops that support the MPLA has increased so much that it has been transformed into an instrument of political decision.'

During the rally on a soccer field in Jamba, Savimbi paraded weaponry including a Soviet-made tank he said had been captured by UNITA forces.

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